

# Renting Now Cheaper Than Buying - Investment Opportunities for UK Expats

*The cost of renting becoming cheaper than buying creates an opportunity for buy-to-let investors, with rents creeping up and time to let coming down.*

MANCHESTER, GREATER MANCHESTER, UK, July 13, 2021 /EINPresswire.com/ -- From prompting the rise of the commuter area, pushing up the cost of houses, contributing to rising rents and creating a two-speed market, the COVID-19 Pandemic has changed many things about the property market. However, one recent change is that it is now cheaper to rent a home than to buy one. We look at what this means for UK expat and foreign national buy-to-let investors.



Rents in the UK have risen by 7.1%. And demand for rental properties continues to grow, with more and more choosing to stay in the rental market and others being forced to stay in the rental market after being priced out of buying property themselves.

## Cheaper to Rent Than to Buy.

According to a [recent report by Hamptons International](#), prospective buyers with a 10% deposit will now pay £71 more per month to buy a property than they will to rent it. This was not the case pre-pandemic (March 2020), when the same purchaser would have paid on average £102 less per month if they bought instead of renting.

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[Young people] are more prepared to move and live abroad or travel, and don't want to be 'tied down' with a mortgage. For these people, renting is a lifestyle choice.”

*Stuart Marshall*

This trend is exasperated if you put down a lower deposit amount. For example, with a 5% deposit, you would be £195 per month better off renting than you would be buying. This is due to lenders charging higher interest rates on 95% LTV mortgages and other low deposit mortgages.

## Changing Lifestyles and Rental Investments.

'Buying a rental property has always been an excellent investment choice for so many UK expat

and foreign national investors' says Stuart Marshall of Liquid Expat Mortgages. 'Rising property prices are excluding many potential first-time buyers from purchasing property and making the jump from the rental market into home ownership. However, more and more people are also choosing to stay in the rental market. This seems to be the case with younger people who are less focused on purchasing property and more on lifestyle. Younger people tend to favour city areas where they can sustain a vibrant social life revolving around restaurants, bars, and clubs. They are more prepared to move and live abroad or travel, and don't want to be 'tied down' with a mortgage. For these people, renting is a lifestyle choice.'

These rental market changes and a younger workforce means that rental property can be an incredibly lucrative investment venture. 'When buying an investment property as a UK expat or foreign national,' continues Stuart Marshall 'we always advise imagining your ideal renter. That will help you to decide which type of property to buy. For example, with the idea that a vibrant social scene will be high on the wish-list of your ideal renter, you would probably favour a city centre location in a major UK hotspot such as Manchester or Liverpool, where city centre prices are still strong.'

Why is a Rental Property a Great Investment?

'Buying a UK rental property as a UK expat or foreign national can be tricky, but it is straightforward with the right advice and help. Investment properties can pay dividends throughout your working life and well into retirement. An expert broker like Liquid Expat Mortgages can really help to navigate the pitfalls and make the whole process easier than it might appear.'



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'Further, there are so many reasons why investing in a rental property is a great financial decision. For one, whilst it may be cheaper to rent than to buy property, this does not mean that rents have fallen. In fact, the opposite is true. Hamptons International reports that over the last year, rents in the UK have risen by 7.1%. This is sure to continue as demand for rental properties continues to grow, with more and more choosing to stay in the rental market and others being forced to stay in the rental market after being priced out of buying property themselves.'

'Another thing to note is that the time it is taking to let a rental property has fallen to a record low. As of May 2021, the average length of time it took to let a property in the UK was just 8.9 days. This means that not only is [buy-to-let property](#) in high demand, but you can start seeing returns from your investment almost immediately.'

But Where Should I Put My Money?

While the current price of properties might concern some investors, there are still plenty of good investments to be had. There are currently four regions in the UK that are bucking the trend on renting being cheaper than buying. The North East, North West, Yorkshire & Humber, and Scotland. Further, these are some of the most lucrative regions in the UK for rental yields and capital growth. So, for discerning investors, the more affordable regions of the UK can offer great returns.

'City centres are currently very popular. The cost of a property in the city centre has fallen over the course of the pandemic, owing to the increased prevalence of working from home and the corresponding popularity of the commuter area and the family home as people looked for more space. However, as life begins to approach the new-normal, [there are signs of life appearing in city centre areas](#) as people trickle back for both work and lifestyle reasons. The current relative affordability of city centre properties will not stick around forever, so buying now could mean strong profits in the future – through both rental yields and capital growth.'

'City hotspots such as Liverpool and Manchester present strong investment prospects, with steady pools of graduate talent available for businesses which are thriving in – and relocating to – these areas. They also present great social scenes, strong transport links and relative affordability compared to other major UK hubs like London. There are currently high levels of development in these cities, meaning that you could purchase an investment property off-plan, which will further improve the affordability – and therefore, profitability – of your investment.'

Liquid Expat Mortgages  
Unit F2, Waterfold Business Park,  
Bury BL9 7BR  
Phone: +44 (0) 161 871 1216  
[www.liquidexpatmortgages.com](http://www.liquidexpatmortgages.com)

Any media enquiries please contact Ulysses Communications

sergio@ulyssesmarketing.com  
+44 (0) 161 633 5009

Sergio Pani  
Ulysses  
+44 7811 326463

[email us here](#)

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